

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6673

BILL NUMBER: HB 1278

NOTE PREPARED: Jan 29, 2004

BILL AMENDED:

SUBJECT: Taxation of Annexed Land.

FIRST AUTHOR: Rep. Whetstone

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows Brownsburg to exempt annexed agricultural land from municipal property tax liability until the land is rezoned under a different classification.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, all Lake County municipalities and Plainfield, Avon, Michigan City, and Westfield may annex property classified as agricultural and exempt that property from the municipality's portion of property taxes until the property's classification is changed. This bill would allow the Town of Brownsburg to do the same.

Agricultural land has a relatively low value for property tax purposes. Exemptions of this type of property from property taxes would not represent very much valuation. This provision would not reduce the property tax base for those taxing units that currently serve the property. The provision would, however, keep the value of this property from being added to the municipality's tax base. The exemption would prevent the shifting of municipal property taxes onto agricultural land. Total local revenues would not be affected.

The town could annex agricultural property in anticipation of a future project. A building project could ultimately have a positive fiscal impact in and surrounding the town.

State Agencies Affected:

Local Agencies Affected: Town of Brownsburg.

Information Sources:

Fiscal Analyst: Valerie Ruda, 317-232-9867.